

Fiscal Note

Fiscal Services Division



HF 640 – Air Quality Fee Fund (LSB2577HV)

Analyst: Deb Kozel (Phone: (515) 281-6767) (deb.kozel@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 640 establishes fees for air quality programs in the Department of Natural Resources (DNR) and specifies the Funds where the fees are deposited. The Bill also specifies what type of expenditures can be paid for with each type of fee. The DNR will meet annually with stakeholder groups to review the revenue and expense for each Fund to determine the next year's budget. Other money, such as appropriations, may also be deposited in the Funds. The Funds include:

- Air Contaminant Source Fund
 - Emission Fees Account (or Title V emission fee) – maximum cap is \$8,250,000.
 - Operating Permit Application and Emission Fees Account – maximum cap is \$1,250,000.
- Air Quality Fund
 - Major Source Account – maximum cap is \$1,500,000.
 - Minor Source Account – maximum cap is \$250,000.
 - Asbestos Account – maximum cap is \$450,000.

Background

Currently, the DNR operates the federal Title V Air Operating Permit Program, established under the Clean Air Act, as amended in 1990, and administered by the federal Environmental Protection Agency (EPA). The EPA has approved the DNR to issue federal Title V Operating Permits and to collect annual emission fees. The Emission Fees or Title V fees are deposited in the Air Contaminant Source Fund.

Assumptions

- The Emission Fee is currently being collected and an entire year of fees will be used for FY 2016 revenue estimates.
- The new fees will be established by January 1, 2016, and six months of fees will be used for FY 2016 revenue estimates.
- Funds cannot be transferred between funds or accounts.
- The DNR will continue to allocate \$704,000 from the General Fund appropriation for Air Quality Programs.
- The DNR will continue to receive a \$425,000 appropriation from the Environment First Fund.
- Federal funds will continue at \$1.7 million per year.
- The estimate includes a 1.90% increase per year for revenue and expenditures.
- The DNR will hire 3.00 FTE positions for the following:
 - 1.00 FTE position for FY 2017 through FY 2020 to assist with the issuance of operating permits.
 - 2.00 FTE positions for FY 2017 to assist with the Asbestos Program.

Fiscal Impact

The DNR provided a detailed 10-year projection of revenue and expenditures for Air Quality Programs (refer to **Appendix A**); however, below is a five-year summary:

Air Quality Proposed Budget					
Revenue					
Major Source Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Emission Fees (Title V Fee)	\$ 7,970,200	\$ 7,552,600	\$ 7,745,500	\$ 7,938,500	\$ 8,136,300
Balance Carryforward and Interest	715,000	12,100	10,600	12,900	13,900
Emission Fees Application & Permit Review	424,560	1,201,600	1,222,200	1,243,100	1,264,400
Major Source Application & Permit Review	526,550	1,073,100	1,093,500	1,114,300	1,135,400
Prevent. Significant Det. (PSD) App. & Permit Rev.	169,550	345,500	352,100	358,800	365,600
Major Source Revenue	\$ 9,805,860	\$ 10,184,900	\$ 10,423,900	\$ 10,667,600	\$ 10,915,600
Minor Source Revenue					
Minor Source Fees	\$ 113,640	\$ 231,600	\$ 236,000	\$ 240,500	\$ 245,000
Federal Grant Section 105	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Federal Grant Section 103	472,600	472,600	472,600	472,600	472,600
Environment First Fund Appropriation	425,000	425,000	425,000	425,000	425,000
General Fund Appropriation	704,300	704,300	704,300	704,300	704,300
Solid Waste Funding/Asbestos Fees	250,000	390,000	397,400	405,000	412,700
Total Minor Source Revenue	\$ 3,215,540	\$ 3,473,500	\$ 3,485,300	\$ 3,497,400	\$ 3,509,600
Total Revenue	\$ 13,021,400	\$ 13,658,400	\$ 13,909,200	\$ 14,165,000	\$ 14,425,200
Dollar Change		\$ 637,000	\$ 250,800	\$ 255,800	\$ 260,200
% Change		4.89%	1.84%	1.84%	1.84%
Expense					
Major Source Expense	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Permit Expense	\$ 5,040,800	\$ 5,256,600	\$ 5,354,400	\$ 5,453,800	\$ 5,555,000
Construction Permit Expense	1,802,600	1,836,900	1,871,700	1,907,300	1,943,500
PSD Expense	1,185,800	1,208,300	1,231,200	1,254,600	1,278,500
Total Major Source Expense	\$ 8,029,200	\$ 8,301,800	\$ 8,457,300	\$ 8,615,700	\$ 8,777,000
Minor Source, Asbestos, & Core Activities Expense					
Minor Source	\$ 983,900	\$ 1,002,600	\$ 1,021,600	\$ 1,041,000	\$ 1,060,600
Asbestos	111,800	390,000	397,400	405,000	412,700
Core Activities	3,896,500	3,964,000	4,032,900	4,103,300	4,174,900
Total Minor Source, Asbestos & Core	\$ 4,992,200	\$ 5,356,600	\$ 5,451,900	\$ 5,549,300	\$ 5,648,200
Total Expenditures	\$ 13,021,400	\$ 13,658,400	\$ 13,909,200	\$ 14,165,000	\$ 14,425,200
Dollar Change		\$ 637,000	\$ 250,800	\$ 255,800	\$ 260,200
% Change		4.89%	1.84%	1.84%	1.84%

Source

Department of Natural Resources

/s/ Holly M. Lyons

April 14, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.